NOTICE OF MEETING AND MANAGEMENT PROXY CIRCULAR

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
June 1, 2017

May 2, 2017

CGX ENERGY INC.

333 Bay Street, Suite 1100
Toronto, Ontario
M5H 2R2

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To be held Thursday June 1, 2017 at 10:00 a.m. (Toronto time)

NOTICE IS HEREBY GIVEN that an Annual and Special Meeting (the "**Meeting**") of Shareholders of CGX ENERGY INC. (the "**Corporation**") will be held at the office of Wildeboer Dellelce LLP, 365 Bay Street, Suite 800, Toronto, Ontario, on Thursday June 1, 2017, at 10:00 a.m. (Toronto time) for the following purposes:

(a) **TO RECEIVE** and consider the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2016 together with the auditors' report thereon;

(b) **TO FIX** the number of directors for the ensuing year at three (3);

(c) **TO ELECT** the directors for the ensuing year;

(d) **TO RE-APPOINT** the auditors of the Corporation to hold office until the close of the next annual meeting of the shareholders of the Corporation and to authorize the directors to fix the remuneration of the auditors;

(e) **TO RE-APPROVE**, as required by the TSX Venture Exchange on an annual basis, the Corporation's stock option plan, as described in the accompanying Management Information Circular dated May 2, 2017; and

(f) **TO TRANSACT** such further or other business as may properly come before the Meeting or any adjournment thereof.

The details of the matters proposed to be put before the Meeting are set forth in the Management Information Circular accompanying this Notice of Meeting, which is supplemental to and expressly made a part of this Notice of Meeting.

Shareholders of record as of the close of business on May 1, 2017 will be entitled to vote at the Meeting. Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return it in the envelope provided for that purpose no later than 10:00 a.m. (Toronto time) on May 30, 2017.

DATED this 2nd day of May, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *"Suresh Narine"*

Suresh Narine
Chairman

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SOLICITATION OF PROXIES

This management information circular ("**Circular**") is furnished in connection with the solicitation of proxies by the management of CGX Energy Inc. (the "**Corporation**" or "**CGX**") for use at the Annual and Special Meeting of Shareholders (the "**Meeting**") of the Corporation to be held at the office of Wildeboer Dellelce LLP at 365 Bay Street, Suite 800, Toronto, Ontario, on Thursday, June 1, 2017, at 10:00 a.m. (Toronto time), for the purposes set out in the Notice of Meeting, and at any adjournment or adjournments thereof. Except to the extent otherwise stated herein, all information set forth herein is given as of May 2, 2017.

Shareholders of the Corporation ("Shareholders") who are unable to be present at the Meeting in person are requested to fill in, sign, date and return the enclosed proxy instrument to the Corporation's transfer agent and registrar, TMX Equity Transfer Services (the "Transfer Agent"), 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 or to the head office of the Corporation at 333 Bay Street, Suite 1100, Toronto, Ontario, M5H 2R2, not later than 10:00 a.m. (Toronto time) on Tuesday, May 30, 2017 or if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date at which the Meeting is reconvened. The Chair of the Meeting may waive or extend the proxy cut-off without notice. An addressed envelope accompanies this Circular and may be used for such purpose. The solicitation will be primarily by mail; however, proxies may be solicited by telephone or in writing by employees or designated agents of the Corporation. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the Shareholders in favour of the matters set forth in the Notice of Meeting. The Corporation may pay brokers or other persons holding common shares in the capital of the Corporation ("**Common Shares**") in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and this Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The Corporation will bear the cost of solicitation on behalf of management of proxies in the form furnished herewith.

All dollar amounts referenced herein, unless otherwise indicated, are expressed in Canadian dollars.

Appointment and Revocation of Proxies

The persons named in the enclosed proxy instrument shall represent management of the Corporation at the Meeting. **A Shareholder desiring to appoint another person (who need not be a Shareholder) to represent him at the Meeting may do so either by inserting such person's name in the blank space provided in the proxy instrument and striking out the names of the two specified persons or by completing another proxy instrument and in either case delivering the completed proxy instrument by facsimile to 416-595-9593 or mailed to the Corporation's registrar and the Transfer Agent, c/o TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, Canada, M5H 4H1 or to the head office of the Corporation, 333 Bay Street, Suite 1100, Toronto, Ontario, M5H 2R2, not later than 9:00 a.m. (Toronto time) on Tuesday, June 28, 2016 or, if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date at which the Meeting is reconvened**.

A Shareholder who has given a proxy instrument may revoke it:

(a) by signing a proxy instrument bearing a later date and depositing it with the Secretary of the Corporation; or

(b) as to any matter on which a vote shall not have already been cast pursuant to the authority conferred by such proxy instrument, by signing a written notice of revocation and delivering it to the Secretary or the Chair of the Meeting; or

(c) by attending the Meeting in person and personally voting the Common Shares represented by the proxy instrument; or

(d) in addition to the revocation in any other manner permitted by law, a proxy may be revoked under subsection 110(4) of the *Business Corporations Act* (Ontario) (the "**Act**") by an instrument in writing executed by the Shareholder or by his attorney authorized in writing (or if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof authorized in writing), deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the proxy instrument is to be used, or with the Chair of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy shall be revoked.

Exercise of Discretion by Proxies

The Common Shares represented by the enclosed form of proxy will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions of the Shareholder executing the proxy and, if such Shareholder has specified a choice with respect to any matter to be acted on at the Meeting, the Common Shares will be voted accordingly. **IN THE ABSENCE OF SUCH INSTRUCTIONS SUCH COMMON SHARES WILL BE VOTED IN FAVOUR OF EACH MATTER IDENTIFIED IN THE FORM OF PROXY TO BE VOTED UPON AT THE MEETING**.

The enclosed proxy instrument confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the Notice of Meeting, or other matters which may properly come before the Meeting. At the time of printing this Circular, management knows of no such amendments or other matters to come before the Meeting other than matters referred to in the Notice of Meeting. However, if other matters not known to management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the judgement of the person voting the proxy.

Non-Registered Shareholders

The information set forth in this section is of significant importance to those Shareholders who do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Circular as "**Beneficial Owner**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Owner. Without specific instructions, a broker and its agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, Beneficial Owners should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person**.

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Owners in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Owners in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Owner by its broker (or the agent of the broker) is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Owner. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions, Canada ("**Broadridge**"). Broadridge typically applies a special sticker to proxy forms, mails those forms to the Beneficial Owner and asks the Beneficial Owner to return the proxy forms to Broadridge. Voting instructions may also be given by telephone or online at www.proxyvotecanada.com by following the instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Owner receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted**.

Although a Beneficial Owner may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker (or an agent of the broker), a Beneficial Owner may attend at the Meeting as proxy holder for the registered Shareholder and vote the Common Shares in that capacity. Beneficial Owners who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered owner, should enter their own names in the blank space on the Instrument of Proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

The Corporation intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners ("**OBO**"). As such, OBOs should receive proxy-related materials from their applicable intermediary.

In addition, the Corporation has decided to take advantage of certain provisions of applicable securities regulatory requirements that permit it to deliver Meeting materials directly to non-objecting Beneficial Owners. These materials are being sent to both registered and non-registered owners of Common Shares. If you are a Beneficial Owner, and the Corporation or its Transfer Agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. As a result, you can expect to receive a voting instruction form ("**VIF**") from our Transfer Agent. These VIFs are to be completed and returned to the Transfer Agent in the envelope provided. In addition, the Transfer Agent provides for Internet voting as described on the VIF. The Transfer Agent will tabulate the results of the VIFs received and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs they receive.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Share Capital

As of May 2, 2017, CGX has 110,388,033 fully paid and non-assessable Common Shares outstanding. Each Common Share carries the right to one (1) vote per share. Each holder of record of Common Shares at the time of the close of business on May 1, 2017 (the "**record date**") will be given

notice of the Meeting and will be entitled to vote at the Meeting the number of Common Shares of record held by him on the record date.

The board of directors of the Corporation (the "**Board**") has fixed May 1, 2017 as the record date for the determination of the Shareholders entitled to receive Notice of the Meeting. Shareholders of the Corporation as of the close of business on the record date will be entitled to vote at the Meeting and all adjournments thereof.

Ownership of Securities of the Corporation

As of the record date, to the knowledge of the directors and officers of the Corporation, other than Pacific Exploration & Production Corporation ("**Pacific**"), Japan Drilling Co., Ltd., and Prospector PTE Ltd., which own 50,351,929 Common Shares, 16,522,500 Common Shares and 15,534,310 Common Shares, respectively, representing approximately 45.61%, 14.97% and 14.07% of the outstanding Common Shares, respectively, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation.

The directors and officers of the Corporation collectively own or control directly or indirectly, in the aggregate, 102,859 Common Shares representing approximately 0.09% of the issued and outstanding Common Shares as at May 2, 2017.

COMPENSATION OF EXECUTIVE OFFICERS

For the purposes of this section on Compensation, a Named Executive Officer of the Corporation means each of the following:

(a) the chief executive officer ("**CEO**") of the Corporation;

(b) the chief financial officer ("**CFO**") of the Corporation;

(c) each of the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and

(d) each individual who would be a Named Executive Officer under paragraph (c) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

In the fiscal year ended December 31, 2016, the Corporation had the following five Named Executive Officers: Dewi Jones, CEO, Tralisa Maraj, CFO, Tarachandra Khelawan, Country Manager – Guyana, German Forero, Geoscience Manager, and Julio Colmenares, Director of Exploration.

Compensation Discussion and Analysis

The compensation and human resources committee (the "**Compensation and Human Resources Committee**") of the Board is responsible for ensuring that the Corporation has in place an appropriate plan for executive compensation and for making recommendations to the Board with respect to the compensation of the Corporation's executive officers. The Compensation and Human Resources

Committee ensures that total compensation paid to all Named Executive Officers is fair and reasonable and is consistent with the Corporation's compensation philosophy.

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Corporation's compensation philosophy is to foster entrepreneurship at all levels of the organization through, among other things, the granting of stock options, which is a significant component of executive compensation. This approach is based on the assumption that the performance of the Corporation's Common Share price over the long term is an important indicator of long-term performance.

The Corporation's compensation philosophy is based on the following fundamental principles:

(a) *Compensation programs align with shareholder interests* – the Corporation aligns the goals of executives with maximizing long term shareholder value;

(b) *Performance sensitive* – compensation for executive officers should be linked to operating and market performance of the Corporation and fluctuate with that performance; and

(c) *Offer market-competitive compensation to attract and retain talent* – the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest caliber.

The objectives of the compensation program in compensating all Named Executive Officers were developed based on the above-mentioned compensation philosophy and are as follows:

(a) to attract and retain highly qualified executive officers;

(b) to align the interests of executive officers with Shareholders' interests and with the execution of the Corporation's business strategy;

(c) to evaluate executive performance on the basis of key measurements that correlate to long-term shareholder value; and

(d) to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

Competitive Compensation

In December 2011, the Compensation and Human Resources Committee retained Roger Gurr & Associates, an independent Vancouver-based consulting firm, to review executive and director compensation practices to develop a reasonable and justifiable compensation program and level to reward the leadership of CGX to attract and retain high-calibre executive talent. As part of the process, Roger Gurr & Associates surveyed the compensation paid to other executives within a peer group of companies exploring for and developing hydrocarbons in Latin America and the South Atlantic comprised of Africa Oil Corp., Americas Petrogas Inc., Antrim Energy Inc., Azabache Energy Inc., Chariot Oil and Gas Ltd., Energulf Resources Inc., Houston American Energy Corp., Hyperdynamics Corp., Madalena Ventures Inc., Petro Vista Energy Corp., Petrodorado Energy Ltd., Rockhopper Exploration Plc, Serica Energy Plc, Sonde Resources Corp. and Suroco Energy Inc. (the "**Peer Companies**") in order to establish compensation packages that are both competitive and appropriate to the Corporation's situation. The purpose of this process was to:

(a) understand the competitiveness of current pay levels for each executive position relative to companies with similar revenues and business characteristics;

(b) identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and

(c) establish as a basis for developing salary adjustments and short-term and long-term incentive awards for the Compensation Committee's approval.

The Corporation is in the process of reviewing its Peer Companies with a view to ensuring that compensation is competitive and in line with industry peers. This is expected to be completed in time for the 2018 Annual Meeting of Shareholders.

Compensation Program

The Corporation's policies on executive compensation are intended to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievements in the context of the Corporation. The overriding principles in establishing executive compensation provide that compensation should reflect:

- fair and competitive compensation commensurate with an individual's experience and expertise in order to attract and retain highly qualified executives;
- recognition and encouragement of leadership, entrepreneurial spirit and team work;
- an alignment of the financial interests of the executives with the financial interests of the Shareholders;
- stock options and annual bonuses to reward individual performance and contribution to the achievement of corporate performance and objectives; and
- contribution to enhancement of shareholder value.

The base salaries and benefits of the executive officers are set within guidelines developed by the Compensation and Human Resources Committee and are consistent with the principles set out above. No specific quantitative targets are set by the Compensation Committee with respect to compensation of Named Executive Officers. In addition, although performance of the Corporation is a factor that the Compensation and Human Resources Committee considers when determining or approving compensation of executive officers of the Corporation, it is primarily the factors described herein that determine the compensation of the Named Executive Officers of the Corporation.

There are four elements to the Corporation's executive compensation program:

- **Base salary**;
- **Short-term compensation incentives** (primarily bonuses) for annual and personal performance;
- **Long-term compensation incentives** (primarily stock options) related to a long-term increase in shareholder value; and
- **Benefits and perquisites**.

The Corporation does not have any formal or informal policy or target for allocating compensation between short-term and long-term compensation, between cash and non-cash compensation or among the different forms of non-cash compensation. Although the Compensation and Human Resources Committee has no specific pre-established policy or target for the allocation between cash and non-cash or short-term and long-term compensation, the pay mix is largely dictated by competitive market practice combined with a philosophy of calibrating incentive levels to performance results. The Compensation and Human Resources Committee determines on a case-by-case basis the appropriate level and mix of the various compensation components based on their judgment and experience, compensation information compiled by management and recommendations of the CEO (except for his own compensation) to provide a total compensation structure that is designed to motivate senior officers to achieve the business goals set by the Corporation and reward the Corporation's executives when they achieve these goals.

Base Salary

Base salary represents a key component of a Named Executive Officer's compensation package as it is the first step in ensuring a competitive structure based on a number of factors, including peer group comparison.

The base salary for each of the Named Executive Officer of the Corporation is reviewed and established annually. Base salaries are determined according to the particular executive officer's personal performance and seniority, contribution to the business of the Corporation and the size and stage of development of the Corporation. Base salaries are also reviewed from time to time to ensure comparability with industry practices. The Corporation hires qualified management from around the world and therefore looks to compensation paid by Canadian and international competitors, as well as compensation paid within South America.

Short-Term Compensation Incentives

Each executive officer has targets to work towards, which are set annually. Bonuses paid to executive officers of the Corporation are determined based on the general results of each business unit, the contribution of each senior officer to such results and the achievement of performance targets primarily linked to exploration success. As detailed above, the CEO provides input on executive compensation, including bonus, but the final determination is made by the Compensation and Human Resources Committee. No bonuses were awarded in 2016 to the NEOs of the Corporation.

Long-Term Compensation Incentives

Long-term incentive compensation for executive officers has historically been provided through grants of stock options pursuant to the Stock Option Plan. Stock option grants to executive officers are made periodically as the Compensation and Human Resources Committee determines appropriate. The number of stock options granted is based on each individual's salary level, responsibility and performance and takes into account the number and terms of stock options that have been previously granted to that individual. The Compensation and Human Resources Committee believes that the grant of stock options to the executive officers and Common Share ownership by such executive officers serves to motivate achievement of the Corporation's long-term strategic objectives and helps to align the financial interests of the executive officers with the financial interest of the Shareholders.

Please see the heading entitled "Summary Compensation Table for Named Executive Officers" below for a description of the stock options granted to Named Executive Officers in 2016.

Benefits and Perquisites

Some of the Named Executive Officers (mainly the CEO and CFO) are eligible to participate in the same benefits as offered to all full-time employees. This includes participation in a traditional employee benefit plan including health and dental care and various forms of life and disability insurances.

In addition, some of the Named Executive Officers are eligible to receive (but may opt not to take) the following enhanced perquisites and benefits, which are not otherwise available to other employees:

- the Corporation makes contributions equal to 7% of the Named Executive Officer's base salary to a defined contribution retirement plan;
- membership in a social club agreed to in advance by the Corporation;
- participation in the Corporation's health benefit plan and coverage for the Named Executive Officer and his or her family is paid by the Corporation. The Corporation deposits an amount of up to U.S.$2,000 per year in a flexible savings account for the Named Executive Officer's supplemental expenses not covered by the health benefit plan;
- dental coverage is 50% to a maximum of U.S.$2,000 annual for major interventions and unlimited reimbursement for minor procedures;
- coverage for vision care under the Corporation's vision plan for the Named Executive Officer and his or her family;
- life insurance coverage equal to two times base salary up to a maximum of U.S.$700,000; and
- transportation allowance of U.S.$575 per month.

The Corporation does not view these benefits as a significant element of its compensation structure, as they constitute only a small percentage of total compensation, but does believe that perquisites and benefits should be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

Compensation Risk Management

The Compensation and Human Resources Committee evaluates the risks, if any, associated with the Corporation's compensation policies and practices. The Corporation's policies and practices respecting compensation are consistent for all Named Executive Officers, employees and consultants and have been designed in a manner which is in the best interests of the Corporation and its Shareholders providing a balanced compensation approach including fixed and variable compensation and short and longer term incentives. The stock option component of the compensation provided by the Corporation to its executive officers is both "longer term" and "at risk" and, accordingly, is directly linked to the achievement of longer term value creation. Since the benefits of such compensation, if any, are generally not realized until a significant period of time has passed, the incentive to take inappropriate or excessive risks with regard to their compensation that are financially beneficial to them at the expense of the Corporation and its Shareholders is limited. The Compensation and Human Resources Committee believes that it is unlikely that an executive officer would take inappropriate or excessive risks at the expense of the Corporation and its Shareholders that would be beneficial to them with regard to their short term compensation when their longer term compensation might be put at risk from their actions. Due to the

size of the Corporation, the Compensation and Human Resources Committee is able to monitor and consider any risks which may be associated with the Corporation's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings of the Board during which financial and other information relating to the Corporation are reviewed.

The Compensation and Human Resources Committee has not identified any risks arising from the Corporation's compensation policies and practices that it believes would be reasonably likely to have a material adverse effect on the Corporation. Although the Corporation has not as yet adopted any specific policies in this regard, in the event that a director or an executive officer purchases financial instruments that are designed to hedge or offset a decrease in the market value of the Corporation's equity securities granted as compensation or held, directly or indirectly by the director or the executive officer, such purchases must be disclosed in insider reporting filings. To date, no such purchases have been undertaken by any director of executive officer of the Corporation.

Summary Compensation Table for Named Executive Officers

The following table sets out the compensation for services in all capacities to the Corporation in respect of the Corporation's (a) CEO and CFO, and (b) most highly compensated individuals, other than the CEO and CFO and whose total compensation for the financial year ended December 31, 2016 exceeded $150,000. The compensation paid to such Named Executive Officers is set out, in each case, for services rendered during the financial year ended December 31, 2016.

Unless otherwise noted, none of the persons listed in the table below received any share-based awards, non-equity long-term incentive plan compensation or deferred compensation during the financial year ended December 31, 2016.

At no time during the financial year ended December 31, 2016 were any of the options included in the following table adjusted, amended, cancelled, replaced or significantly modified as determined in accordance with IFRS 2 – Share-based payment under the International Financial Reporting Standards in a manner that did not equally affect all holders of the class of securities underlying the options and that did not occur through a pre-existing formula or mechanism in the plan or award that results in periodic adjustment of the option exercise or base price, an anti-dilution provision in a plan or award, or a recapitalization or other similar transaction.

During the financial year ended December 31, 2016, none of the Named Executive Officers elected to exchange any compensation awarded to, earned by, paid to, or payable to the Named Executive Officer under a program that would allow the Named Executive Officer to receive awards, earnings, payments, or payables in another form.

There was no re-pricing or other significant changes to the terms of any share-based or option-based award program during the most recently completed financial year or in any prior years.

The following table sets forth the annual and long-term compensation for services rendered to the Corporation paid and payable for the financial year of the Corporation ended December 31, 2016, in respect of the Named Executive Officers.

Name and Principal Position	Year	Base Salary ($) [1]	Option-based awards ($)	Annual non-equity incentive plan compensation ($)[1]	All other Compensation ($)[1] [3]	Total Compensation ($) [1]
Dewi Jones CEO	2016	463,576	Nil	Nil	77,605	541,181
	2015	447,570	Nil	Nil	57,408	504,978
	2014	386,563	22,700[2]	Nil	47,551	456,814
Tralisa Maraj CFO	2016	364,238	Nil	Nil	47,497	411,735
	2015	351,662	Nil	Nil	31,010	382,672
	2014	303,728	19,300[2]	Nil	30,606	353,634
Tarachandra Khelawan Country Manager - Guyana	2016	190,728	Nil	Nil	19,073	209,801
	2015	184,143	Nil	Nil	18,415	202,558
	2014	159,043	6,800[2]	Nil	15,904	181,747
German Forero Geoscience Manager	2016	330,483	Nil	Nil	5,758	336,241
	2015	352,010	Nil	Nil	6,172	358,182
	2014	303,728	6,800[2]	Nil	7,256	317,784
Julio Colmenares Director of Exploration	2016	185,431	Nil	Nil	23,220	208,651
	2015	Nil	Nil	Nil	Nil	Nil
	2014	Nil	6,800(2)	Nil	Nil	6,800

Notes:

(1) All amounts paid in U.S.$ have been converted to Cdn.$ using the average exchange rate for the year as reported by the Bank of Canada of 2016 – U.S.$0.755 for every Cdn. $1.00, (2015 – U.S.$0.782 for every Cdn.$1.00, and 2014 - U.S.$0.905 for every Cdn.$1.00).

(2) Includes the dollar amount of options granted during the year based on the grant date fair value. The fair value of the stock options issued during the year ended December 31, 2014 has been calculated using the Black-Scholes option pricing model, based on the following assumptions: risk-free interest rate of 1.37%; expected life of 5 years; weighted expected volatility of 92.36%; forfeiture rate of 0%; and expected dividend yield of Nil%. Option based awards represent the grant date fair value for option-based awards. Both the grant date fair value and accounting fair value for option-based awards are calculated using the Black-Scholes model using the assumptions described herein. The grant date fair value of option-based awards as presented will differ from the compensation expense included for these grants in the Corporation's financial statements because, in accordance with IFRS accounting requirements, the compensation expense reflects only the fair value amortized in the period based on each grant's vesting terms. Although the amounts disclosed in this column reflect the accounting fair value of the award in accordance with IFRS, as at December 31, 2014, the options granted in 2014 are "out-of-the-money" as of the date of the Circular.

(3) Includes all perquisites, post-retirement benefits and life insurance premiums paid by the Corporation, including all perquisites described under the heading entitled "Compensation Discussion & Analysis – Benefits and Perquisites" above and actually paid.

Named Executive Officers Employment Agreements

The following is a summary of the material employments entered into by the Corporation and its subsidiaries or affiliates with the Named Executive Officers during the fiscal year ended December 31, 2016:

Dewi Jones

On September 20, 2013, the Corporation entered into an employment agreement with Dewi Jones which took effect as of April 26, 2013 and provided for a base salary of U.S.$350,000 and included a change of control or termination provision that provided for a buy-out equal to two times base salary, plus two times the average bonus paid in the prior three years.

Tralisa Maraj

On September 20, 2013, the Corporation entered into an employment agreement with Tralisa Maraj which took effect as of April 26, 2013 and provided for a base salary of U.S.$275,000 and included a change of control or termination provision that provided for a buy-out equal to two times base salary, plus two times the average bonus paid in the prior three years. On the same date Ms. Maraj's prior consulting agreement with the Corporation was terminated.

Tarachandra Khelawan

On January 1, 2014, the Corporation entered into a consulting agreement with Tarachandra Khelawan which took effect as of January 1, 2014 and provided for a base fee of U.S.$144,000 plus a monthly benefit of U.S.$1,200/month in lieu of other benefits and included a change of control provision that provided for a buy-out equal to six months of base fee. On the same date Mr. Khelawan's prior consulting agreement with the Corporation was terminated.

German Forero

On January 1, 2014, the Corporation entered into an employment agreement with German Forero which took effect as of January 1, 2014 and provided for a base salary of U.S.$275,000 and included a change of control or termination provision that provided for a buy-out equal to six months of base salary. On the same date Mr. Forero's prior consulting agreement with the Corporation was terminated. On February 22, 2016, this agreement was amended so that the base salary was reduced to U.S.$240,000.

Julio Colmenares

On June 1, 2016, a subsidiary of the Corporation entered into an employment agreement with Julio Colmenares which took effect as of June 1, 2016 and provided for a base salary of U.S.$240,000 and included a change of control provision that provided for a buy-out equal to six months of base salary.

Incentive Plan Awards

The following table sets forth certain information, in relation to the Named Executive Officers, regarding option-based awards outstanding as of the end of the financial year of the Corporation ended December 31, 2016.

Name	Grant Date	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Aggregate value of unexercised in-the-money options ($)[1]	Vested
Dewi Jones CEO	December 19, 2014	100,000	0.32	December 19, 2019	Nil	Yes
	August 19, 2013	800,000	0.69	August 19, 2018	Nil	Yes
Tralisa Maraj CFO	December 19, 2014	85,000	0.32	December 19, 2019	Nil	Yes
	August 19, 2013	475,000	0.69	August 19, 2018	Nil	Yes
	January 3, 2012	20,000	10.50	January 3, 2017	Nil	Yes
Tarachandra Khelawan Country Manager - Guyana	December 19, 2014	30,000	0.32	December 19, 2019	Nil	Yes
	August 19, 2013	150,000	0.69	August 19, 2018	Nil	Yes
German Forero Geoscience Manager	December 19, 2014	30,000	0.32	December 19, 2019	Nil	Yes
	August 19, 2013	200,000	0.69	August 19, 2018	Nil	Yes
Julio Colmenares Director of Exploration	December 19, 2014	30,000	0.32	December 19, 2019	Nil	Yes

Notes:

(1) Based on the TSXV closing price of the Corporation of $0.13 on December 30, 2016.

Pension Plan Benefits

Other than an employee contribution plan for executive officers of the Corporation, the Corporation does not have a pension or retirement plan and the Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates.

Deferred Compensation Plans

The Corporation has no deferred compensation plan.

Termination and Change of Control Benefits

Other than described above, the Corporation does not have in place any pension or retirement plan and the Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates. If a severance payment triggering event had occurred on December 31, 2016, the severance payments that would have been payable to each of the Named Executive Officers would be as shown in the following table.

Name	Termination or Change of Control Payment[1]
Dewi Jones	939,850
Tralisa Maraj	738,453
Tarachandra Khelawan[2]	96,670
German Forero	161,117
Julio Colmenares[2]	161,117
Total	2,097,207

Notes:

(1) All amounts payable in U.S.$ have been converted to Cdn.$ using the closing exchange rate on December 31, 2016 as reported by the Bank of Canada of U.S.$0.7448 for every Cdn.$1.00.

(2) Entitled to a change of control but not a termination payment.

Summary of Current Director Compensation

The following table sets out all amounts of compensation provided to the current directors for the financial year ended December 31, 2016.

Name	Fees earned ($)[3]	Equity-based awards($)[2]	Non-equity incentive plan compensation ($)	All other compensation ($) [2]	Total ($) [2]
Dan Gillett[5]	0	Nil	Nil	Nil	Nil
Erik Lyngberg	0	Nil	Nil	Nil	Nil
Dennis Mills[3]	0	Nil	Nil	Nil	Nil
Suresh Narine	250,000	Nil	Nil	Nil	250,000
Dennis Pieters[3][4]	0	Nil	Nil	Nil	Nil

Notes:

(1) Includes the portion of the directors' retainers and travel allowances paid in cash.

(2) All amounts paid in U.S.$ have been converted to Cdn.$ using the average exchange rate for the year as reported by the Bank of Canada for 2016 of U.S.$ 0.755 for every Cdn.$1.00.

(3) Since February 12, 2016, all directors waived their right to receive fees, except for Suresh Narine who, as a result of frequent travel to Guyana on the Corporation's business, continued to receive Board compensation. On April 14, 2017 the Board resolved to commence paying fees to directors and to pay to Dennis Mills $90,000 in accrued but unpaid fees.

(4) Dennis Pieters resigned from the Board on January 27, 2017.

(5) Dan Gillett resigned from the Board on April 14, 2017.

Director Incentive Plan Awards

The following table sets forth certain information, in relation to the current directors, regarding share-based and option-based awards outstanding as of the end of the financial year of the Corporation ended December 31, 2016.

Name	Grant Date	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[1]	Vested
Dan Gillett[3]	N/A	N/A	N/A	N/A	N/A	N/A
Erik Lyngberg	N/A	N/A	N/A	N/A	N/A	N/A
Dennis Mills	December 19, 2014	60,000	0.32	December 19, 2019	Nil	Yes
	August 19, 2013	400,000	0.69	August 19, 2018	Nil	Yes
Suresh Narine	December 19, 2014	90,000	0.32	December 19, 2019	Nil	Yes
	August 19, 2013	750,000	0.69	August 19, 2018	Nil	Yes
	January 3, 2012	30,000	10.50	January 3, 2017	Nil	Yes
Dennis Pieters[2]	December 19, 2014	60,000	0.32	December 19, 2019	Nil	Yes
	August 19, 2013	400,000	0.69	August 19, 2018	Nil	Yes
	May 22, 2012	30,000	3.00	May 22, 2017	Nil	Yes

Notes:

(1) Based on the TSXV closing price of the Corporation of $0.13 on December 31, 2016.

(2) Dennis Pieters ceased to be a director of the Corporation effective January 27, 2017 and all options were cancelled effective this date.

(3) Dan Gillett ceased to be a director of the Corporation effective April 14, 2017.

Summary of Historical Director Compensation in 2016

The following table sets out all amounts of compensation provided to the former directors for the financial year ended December 31, 2016.

Name	Fees earned ($)[1]	Equity-based awards($)[2]	Non-equity incentive plan compensation ($)	All other compensation ($) [2]	Total ($) [2]
José Francisco Arata[2]	Nil	Nil	Nil	Nil	Nil
Michael Galego[3][4]	Nil	Nil	Nil	$91,227	Nil
Serafino Iacono[3]	Nil	Nil	Nil	Nil	Nil
Marino Ostos[3]	Nil	Nil	Nil	Nil	Nil
Ronald Pantin[3]	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Since February 12, 2016, all directors have waived their right to receive fees, except for Suresh Narine who, as a result of frequent travel to Guyana on the Corporation's business, continued to receive Board compensation. On April 14, 2017 the Board resolved to commence paying fees to directors and to pay to Dennis Mills $90,000 in accrued but unpaid fees.

(2) Jose Francisco Arata resigned on July 29, 2016.

(3) Michael Galego, Serafino Iacono, Marino Ostos and Ronald Pantin resigned on November 30, 2016.

(4) Michael Galego received these amounts in salary for acting as General Counsel of the Company.

The Corporation does not have any programs in place to make donations to charitable institutions in a director's name, payable currently or upon a designated event such as the retirement or death of the director.

Summary of Historical Director Incentive Plan Awards

The following table sets forth certain information, in relation to the former directors, regarding share-based and option-based awards outstanding as of the end of the financial year of the Corporation ended December 31, 2016.

Name	Grant Date	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[1]	Vested
José Francisco Arata[2]	December 19, 2014	100,000	0.32	December 19, 2019	Nil	Nil
	August 19, 2013	900,000	0.69	August 19, 2018	Nil	Nil
Michael Galego[3]	December 19, 2014	80,000	0.32	December 19, 2019	Nil	Nil
	August 19, 2013	350,000	0.69	August 19, 2018	Nil	Nil
Serafino Iacono[3]	December 19, 2014	100,000	0.32	December 19, 2019	Nil	Nil

Name	Grant Date	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[1]	Vested
	August 19, 2013	900,000	0.69	August 19, 2018	Nil	Nil
Marino Ostos[3]	December 19, 2014	60,000	0.32	December 19, 2019	Nil	Nil
	August 19, 2013	400,000	0.69	August 19, 2018	Nil	Nil
Ronald Pantin[3]	December 19, 2014	100,000	0.32	December 19, 2019	Nil	Nil
	August 19, 2013	900,000	0.69	August 19, 2018	Nil	Nil

Notes:

(1) Based on the TSXV closing price of the Corporation of $0.13 on December 31, 2016.

(2) Jose Francisco Arata resigned on July 29, 2016 and all options were cancelled effective this date.

(3) Michael Galego, Serafino Iacono, Marino Ostos and Ronald Pantin resigned on November 30, 2016 and all options were cancelled effective this date.

The following table sets forth certain information, in relation to the current directors, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Corporation ended December 31, 2016.

Name.	Option-Based Awards – Value Vested During the Year [1] ($)	Share-Based Awards – Value Vested During the Year ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
Dan Gillett	Nil	Nil	Nil
Erik Lyngberg	Nil	Nil	Nil
Dennis Mills	Nil	Nil	Nil
Suresh Narine	Nil	Nil	Nil
Dennis Pieters	Nil	Nil	Nil

Notes:

(1) The value vested during the year is calculated using the market price on the date of vesting less the exercise price on that date.

(2) Dennis Pieters ceased to be a director of the Corporation effective January 27, 2017.

(3) Dan Gillett ceased to be a director of the Corporation effective April 14, 2017.

The following table sets forth certain information, in relation to the former directors, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Corporation ended December 31, 2016.

Name.	Option-Based Awards – Value Vested During the Year [1] ($)	Share-Based Awards – Value Vested During the Year ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
José Francisco Arata[2]	Nil	Nil	Nil
Michael Galego[3]	Nil	Nil	Nil
Serafino Iacono[3]	Nil	Nil	Nil
Marino Ostos[3]	Nil	Nil	Nil
Ronald Pantin[3]	Nil	Nil	Nil

Notes:

(1) The value vested during the year is calculated using the market price on the date of vesting less the exercise price on that date.

(2) Jose Francisco Arata resigned on July 29, 2016

(3) Michael Galego, Serafino Iacono, Marino Ostos and Ronald Pantin resigned on November 30, 2016

SECURITIES AUTHORIZED FOR ISSUE UNDER EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth, as of December 31, 2016, information concerning securities authorized for issue under equity compensation plans of the Corporation.

	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options ($)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plan[1]
Equity compensation plans previously approved by securityholders	4,035,000	0.77	7,003,803
Equity compensation plans not previously approved by securityholders	Nil	Nil	Nil
Total	4,035,000	0.77	7,003,803

Note:

(1) The Corporation's current stock option plan is a "rolling" stock option plan whereby the maximum number of Common Shares that may be reserved for issuance pursuant to the stock option plan will not exceed 10% of the issued shares of the Corporation at the time of the stock option grant. As of the date hereof, 11,038,803 Common Shares may be reserved for issuance pursuant to the Corporation's current stock option plan.

MATTERS TO BE ACTED UPON AT MEETING

ITEM 1 – ELECTION OF DIRECTORS

At the Meeting, Shareholders will be asked to elect three directors for the ensuing year. The persons named in the form of proxy accompanying this Circular intend to vote for the election of the nominees whose names are set forth below, unless the Shareholder has directed that the Common Shares represented by such proxy be withheld from voting in respect of the election of directors. Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director for the ensuing year; however, if that should occur for any reason prior to the Meeting or any adjournment thereof, the persons named in the form of proxy accompanying this Circular have the right to vote for the

election of the remaining nominees and may vote for the election of a substitute nominee in their discretion. Each director elected will hold office until the next special meeting of the Shareholders following his election, unless his office is earlier vacated in accordance with the by-laws of the Corporation. Each officer of the Corporation serves at the discretion of the Board.

Although the board currently consists of three individuals, and it is anticipated that Shareholders will be asked to elect only three directors for the ensuing year, the Board intends to add an additional independent member (as defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**")) in the coming months. Until that time, the three members of the Board will assume the functions of all of the committees of the Board – (1) the Audit Committee, (ii) the Compensation and Human Resources Committee; (iii) the Corporate Governance and Nominating Committee; (iv) the Health, Safety and Environmental Committee; (v) the Social Responsibility Committee; and (vi) the Reserves Committee.

The following table and the notes thereto state the names of all of the persons proposed to be nominated for election as directors, all other positions and offices with the Corporation now held by them, their principal occupations or employment, their periods of service as directors and the approximate number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date hereof.

Name and Position and Municipality of Residence	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction has Been Exercised as of the Date Hereof [1]
Dennis Mills Director Toronto, Canada	**Dennis Mills** has been a director of Pacific since February 2012. Mr. Mills was Vice Chairman and Chief Executive Officer of MI Developments Inc. from 2004 to 2011, and a Vice-President at Magna International from 1984 to 1987. Mr. Mills served as a Member of Parliament in Canada's federal parliament from 1988 to 2004. While a Member of Parliament, Mr. Mills was Parliamentary Secretary to the Minister of Industry from 1993 to 1996, the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs from 1993 to 1995 and the Chair of the Committee studying the Industry of Sport in Canada. Mr. Mills was the Senior Policy Advisor to the Cabinet Committee on Communications (1980-1984), Advisor to the Minister of Energy (1980-1981), Senior Advisor to the Minister of Multiculturalism (1980), and Senior Communications Advisor to the Prime Minister of Canada, The Right Honourable Pierre Elliott Trudeau (1980-1984).	April 26, 2013	Nil
Suresh Narine Co-Chairman Peterborough, Canada	**Suresh Narine** is a Professor and Director, Trent Centre for Biomaterials Research, Trent University since September 2009; Ontario Research Chair in Green Chemistry and Engineering since September 2010, NSERC / OSG / ERS Senior Research Chair in Lipid Derived Biomaterials since 2010; Director, Institute of Applied Science and Technology, Guyana, South America since July 2005; and former NSERC Industrial Research Chair from November 2006 to August 2009; Director and Associate Professor, Alberta Lipid Utilization Program from January 2001 to August 2009.	January 3, 2012	100,000

Name and Position and Municipality of Residence	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction has Been Exercised as of the Date Hereof [1]
Erik Lyngberg Director Calgary, Canada	**Erik Lyngberg** is currently Corporate Vice President of Exploration and Development of Pacific and is also Pacific's representative on the board of directors of the Corporation. In November 2013, Mr. Lyngberg joined Pacific as Vice President, Technical and was appointed Corporate Vice President, Exploration from November 2016 to January 2017. Prior to joining Pacific, Mr. Lyngberg held various senior executive roles with Petrominerales Ltd. from August 2008 to November 2013.	December 1, 2016	Nil

Notes:

(1) The information as to Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by directors individually.

UNLESS A PROXY SPECIFIES THAT THE COMMON SHARES IT REPRESENTS SHOULD BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS, THE PROXY HOLDERS NAMED IN THE ACCOMPANYING PROXY INTEND TO USE IT TO VOTE FOR THE ELECTION OF NOMINEES AS DIRECTORS OF THE CORPORATION.

Other than set out below, none of the directors or executive officers:

- is, at the date of this Circular, or was within 10 years before the date of this Circular, a director or executive officer of any company that was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

- was subject to an order that was issued after the director or executive officer ceased to be a director or executive officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

None of the directors, executive officers or a Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- is at the date hereof, or has been within 10 years before the date of this Circular, a director or executive officer of any company that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than Mr. Mills. Mr. Mills was a director of Pacific Exploration and Production Corporation when it commenced proceedings and obtained court protection on April 27, 2016 under the Companies' Creditors Arrangement Act ("CCAA") and ancillary proceedings under Chapter 15 of the United States Bankruptcy Code and Colombia Law 1116 Pacific emerged from CCAA on November 2, 2016; or

- has, within the 10 years before this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any

proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or Shareholder.

ITEM 2 – RE-APPOINTMENT OF AUDITOR

UHY McGovern Hurley LLP ("**UHY McGovern Hurley**"), of Toronto, Ontario, will be nominated at the Meeting for re-appointment as the Corporation's auditor to hold office until the next Annual General Meeting at a remuneration to be approved by the Audit Committee. UHY McGovern Hurley was appointed the Corporation's auditor on February 27, 2017 in the place of the former auditor, Ernst & Young LLP for cost saving reasons. Attached to this Circular, as Schedule B, is a Notice of Change of Auditor stating that there were no "reportable events" between the Corporation and Ernst & Young LLP as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* as well as letters from the former and new auditor respecting such Notice.

External Auditor Disclosure

External Auditor Service Fees (by category)

	Year ended December 31, 2015 ($)	Year ended December 31, 2016 ($)
Audit Fees(1)	33,000	26,000
Audit Related Fees(2)	22,500	7,500
Tax Fees(3)	Nil	Nil
All Other Fees(4)	Nil	Nil

Notes:

(1) Aggregate fees billed for services provided in auditing the Corporation's annual financial statements.

(2) Aggregate fees not included in "audit fees" that are billed by the auditors for the assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's statements or as related to a prospectus.

(3) Aggregate fees billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning.

(4) Aggregate fees billed by the auditors for products and services not included in the foregoing categories.

UNLESS AUTHORITY TO DO SO IS WITHHELD, THE PERSONS NAMED IN THE FORM OF PROXY ACCOMPANYING THIS CIRCULAR INTEND TO VOTE FOR THE RE-APPOINTMENT OF UHY MCGOVERN HURLEY AS THE AUDITOR OF THE CORPORATION UNTIL THE CLOSE OF THE NEXT ANNUAL MEETING OF THE SHAREHOLDERS OF THE CORPORATION OR UNTIL A SUCCESSOR IS APPOINTED AND TO AUTHORIZE THE DIRECTORS OF THE CORPORATION TO FIX THE REMUNERATION OF THE AUDITOR OF THE CORPORATION.

ITEM 3 – STOCK OPTION PLAN

The Corporation maintains a stock option plan (the "**Plan**") for the benefit of directors, officers, employees, consultants and other service providers of the Corporation and its subsidiaries in order to assist the Corporation in attracting, retaining and motivating such persons by providing them with the opportunity, through stock options ("**Options**"), to acquire an increased proprietary interest in the Corporation.

At the last annual and special meeting of Shareholders of the Corporation held on June 30, 2016, Shareholders approved the Plan which provided that the maximum number of Common Shares issuable pursuant to Options under the Plan be set at a number which is equal to 10% of the issued and outstanding

Common Shares. The policies of the TSX Venture Exchange (the "**Exchange**" or "**TSXV**") require that the Corporation approve the Plan at each annual meeting of its Shareholders.

Summary of the Plan and Recent Amendments

Options may be granted under the Plan to directors, senior officers, employees and consultants of the Corporation and its subsidiaries and other designated persons as designated from time to time by the Board. The number of Common Shares which may be reserved for issuance under the current Plan, as amended, is limited to 10% of the issued and outstanding Common Shares as at the date of the grant of Options. The maximum number of Common Shares which may be reserved for issuance to any one director, senior officer or employee under the Plan is 5% of the Common Shares outstanding at the time of the grant (calculated on a non-diluted basis) and 2% with respect to any one consultant of the Corporation. Any Common Shares subject to an option which for any reason is cancelled or terminated prior to exercise will be available for a subsequent grant under the Plan. The option price of any Common Shares cannot be less than the closing price of the Common Shares on the day immediately preceding the day upon which the option is granted, less any discount permitted by the policies of the Exchange. Options granted under the current Plan may be exercised during a period not exceeding ten years, (subject to a right of the directors to extend the expiry date of an option if the expiry date of such option should occur during a period pursuant to which a holder of the option is subject to a trading blackout, in which case the expiry date of the option may be extended to allow for the term of the option to expire on the date which is five days after the end of such blackout period) and also subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to have a designated relationship with the Corporation, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The options under the current Plan are non-transferable. The Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Corporation's capitalization.

Subject to Shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Plan or may terminate the Plan at any time. The Plan does not contain any provision for financial assistance by the Corporation in respect of options granted under the Plan.

Annual Approval of the Plan

Pursuant to the rules of the Exchange, Shareholders are being asked to approve and confirm the Plan. A copy of the Plan is attached as Schedule A hereto. In order to confirm and approve the Plan a majority of votes cast at the Meeting must be voted in favour of the Plan. In the event that the Plan is approved by Shareholders, the Corporation's current stock option plan will be discontinued and options that have been granted will be transferred to the Plan.

Accordingly, Shareholders will be asked to approve the following resolution:

> "BE IT RESOLVED THAT the Corporation's stock option plan as described in the Management Information Circular dated May 2, 2017, be and it is hereby confirmed including reserving for the issuance under the stock option plan at any time a maximum of 10% of the issued and outstanding Common Shares in the capital of the Corporation."

The Board has approved the terms of the Plan and recommends Shareholders vote in favour of the proposed resolution.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE STOCK OPTION PLAN RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director, executive officer or other senior officer of the Corporation, or any associate of any such director or officer, is, or has been at any time since the incorporation of the Corporation, indebted to the Corporation or any of its subsidiaries nor is, or at any time since the incorporation of the Corporation has, any indebtedness of any such person to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board and senior management of the Corporation consider good corporate governance to be central to the effective and efficient operation of the Corporation. The Board has confirmed the strategic objectives of the Corporation are to seek out, explore and develop oil and gas reserves.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, certain prescribed disclosure in respect of corporate governance matters be included in its management information circular.

The Exchange also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F2 – *Corporate Governance Disclosure* ("**Form 58-101F2**") and is set out below.

National Policy 58-201 - *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Corporation has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Corporation's practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been adopted. The Corporation will continue to review and implement the corporate governance guidelines as the business of the Corporation progresses and becomes more active in operations.

Form 58–101F2 – Corporate Governance Disclosure

Board of Directors

The Board is currently composed of three directors. Form 58-101F2 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under NI 58-101, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Corporation. "Material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. Of the proposed nominees, one, Erik Lyngberg, is an executive officer of Pacific, the largest Shareholder of the Corporation. In assessing Form 58-101F2, control means the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise. The members of the Board other than Mr.

Lyngberg have considered this definition and Pacific's share ownership and determined that Mr. Lyngberg is "independent" within the meaning of NI 58-101.

Additionally, on April 14, 2017, Dr. Suresh Narine was appointed Executive Director, Guyana of the Corporation. This is an executive position and, as such, Dr. Narine is no longer considered independent as of the date of such appointment.

The Board has determined that the current constitution of the Board is appropriate for the Corporation's present stage of development; however, as previously stated, it is intended that another independent member be appointed to the Board in the months after the Meeting.

The Board has free access to the Corporation's external auditors, legal counsel and to any of the Corporation's officers.

Directorships

The following table sets forth the directors who currently hold directorships with other reporting issuers:

Director	Issuer
N/A	

Participation of Directors in Board Meetings

In the year ended December 31, 2016, eight board meetings were held. The table below outlines attendance by each director.

Director	Attendance / Number of Board Meetings	Attendance / Number of Committee Meetings
José Francisco Arata[(1)]	4 of 6 (67%)	0 of 1
Michael Galego[(2)(3)]	2 of 2 (100%)	Nil
Serafino Iacono[(3)]	5 of 8 (63%)	Nil
Dennis Mills[(3)]	6 of 8 (75%)	1 of 1 (100%)
Suresh Narine	7 of 8 (88%)	Nil
Marino Ostos[(3)]	7 of 8 (88%)	Nil
Ronald Pantin[(3)]	8 of 8 (100%)	1 of 1 (100%)
Dennis Pieters[(4)]	6 of 8 (75%)	Nil

Note:
[(1)] Ceased to be a director of the Corporation July 29, 2016.
[(2)] Appointed as a director of the Corporation effective July 29, 2016.
[(3)] Ceased to be a director of the Corporation effective November 30, 2016
[(4)] Ceased to be a director of the Corporation effective January 27, 2017.

Orientation and Continuing Education

The Board does not have a formal orientation or education program for its members. The Board's continuing education is typically derived from correspondence with the Corporation's legal counsel and financial advisors to remain up to date with developments in relevant corporate and securities' law

matters. Additionally, historically, members of the Board have been nominated who are familiar with the Corporation and the nature of its business.

Ethical Business Conduct

The Board has not adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct, but does promote ethical business conduct through the nomination of directors it considers ethical, through avoiding or minimizing conflicts of interest, and by having a majority of its directors independent of corporate matters.

Nomination and Assessments

The recruitment of new directors has generally resulted from recommendations made by directors and Shareholders. The assessment of the contributions of individual directors has principally been the responsibility of the Board. Prior to standing for election, new nominees to the Board are reviewed by the entire Board.

Compensation

The Board decides the compensation for the Corporation's officers, based on industry standards and the Corporation's financial position. Independent directors each receive U.S$60,000 per annum in remuneration as directors' fees Dr. Narine receives $250,000 per annum for his role as Co-Chairman. In 2016, due to market conditions, the directors of the Corporation, other than Dr. Narine, waived their right to fees. In April 2017 the board reinstated the payment in cash of fees and paid all accrued fees for current directors, and appointed Dr. Narine as Executive Director, Guyana at an annual salary of $400,000.00.

Other Board Committees

In addition to the Audit Committee, the Board has in the normal course also organized the following Board committees: (i) a Compensation and Human Resources Committee; (ii) a Corporate Governance and Nominating Committee; (iii) a Health, Safety and Environmental Committee; (iv) a Social Responsibility Committee; and (v) a Reserves Committee. However, as the current Board only comprises three individuals, the entire Board has, for the time being, assumed the duties and responsibilities of all of these committees.

The mandate of the Compensation and Human Resources Committee is to review and make recommendations to the Board in respect of the level of remuneration and other compensation to be paid to the executive officers of the Corporation. Each member of the Compensation and Human Resources Committee is expected to have extensive private sector experience both as part of senior management and as directors of public and private companies. In addition, each member is expected to have held or hold senior executive management positions with international corporations.

The directors, in consultation with the Compensation and Human Resources Committee, determine the level of compensation in respect of the senior executive officers of the Corporation. There were no long-term incentive awards made to the Named Executive Officers during the most recently completed financial year.

AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") requires that certain information regarding the Audit Committee of a "venture issuer" (as that term is defined in NI 52-110) be included in

the Circular sent to Shareholders in accordance with the Corporation's annual meeting. As previously mentioned, the duties of the Audit Committee are currently performed by the Board. The majority of the members of the Board are "independent" directors and all are financially literate for purposes of NI 52-110. Each of the current members has a minimum of 20 years' business experience and each has held or currently holds executive positions that require oversight and understanding of the accounting principles underlying the preparation of financial statements. The Board intends to ultimately implement a fully independent Audit Committee.

Audit Committee Charter

The full text of the charter of the Corporation's Audit Committee is attached as Schedule C hereto.

Composition of the Audit Committee

The Corporation's Audit Committee is comprised of the three members of the Board: Dennis Mills, Suresh Narine and Erik Lyngberg.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed fiscal year, the Board has adopted all recommendations of the Audit Committee to nominate or compensate an external auditor.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons in any matter to be acted upon at the Meeting other than the election of directors:

(a) each person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year;

(b) each proposed nominee for election as a director; and

(c) each associate or affiliate of any of the foregoing.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular and to the knowledge of the Corporation's management, no informed person of the Corporation, any proposed nominee for election as a director, or any associate or affiliate of any of the foregoing, has or has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Corporation's most recently completed financial year, which has materially affected or will materially affect the Corporation or any of its subsidiaries.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Further financial information is provided in the audited consolidated financial statements of the Corporation for the financial years ended December 31, 2016 and 2015 and related management's discussion and analysis of results which have been filed on SEDAR. Shareholders may also contact the

General Counsel of the Corporation by phone at (416) 364-5569, extension 223 or by e-mail at pvolk@cgxenergy.com to request a copy of these documents.

The Corporation will provide any Shareholder of the Corporation, without charge, upon request to the Chief Executive Officer of the Corporation:

(a) one copy of the comparative audited consolidated financial statements of the Corporation for the financial years ended December 31, 2016 and 2015 together with the report of the auditor thereon;

(b) one copy of the management's discussion and analysis for the financial year ended December 31, 2016; and

(c) one copy of this Circular.

APPROVAL

The contents of this Circular and the sending thereof to the Shareholders of the Corporation have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *"Suresh Narine"*

Suresh Narine
Chairman

SCHEDULE A

STOCK OPTION PLAN

(ADOPTED IN 2003, AMENDED AND RESTATED IN 2017)

The board of directors of CGX Energy Inc. (the "**Corporation**") wishes to establish a stock option plan (the "**Plan**") governing the issuance of stock options (the "**Options**") to directors, officers and employees of the Corporation or subsidiaries of the Corporation and persons or corporations who provide services to the Corporation or its subsidiaries on an on-going basis, or have provided or are expected to provide a service or services of considerable value to the Corporation or its subsidiaries.

The terms and conditions of the Plan for issuance of Options are as follows:

(1) Definitions

Capitalized terms, not otherwise defined herein, have the meanings ascribed thereto in the TSX Venture Exchange Corporate Finance Manual.

"**Administrator**" means such director or other senior officer or employee of the Company as may be designated as Administrator by the Board from time to time;

"**Award Date**" means the date on which the Board grants and announces a particular Option;

"**Black Out Period**" means any period during which a policy of the Corporation prevents an Insider from trading in the Shares, but under no circumstances includes periods during which the Corporation or the Insider is subject to a cease trade order or other similar regulatory order;

"**Board**" means the board of directors of the Corporation;

"**Consultant**" means an individual (or a company wholly owned by the individual) who (i) provides ongoing consulting, technical, management or other services to the Corporation (excluding services provided in relation to a distribution of the Corporation's securities); (ii) possesses technical, business or management expertise of value to the Corporation; (iii) provides the services under a written contract with the Corporation; (iv) spends a significant amount of time and attention to the business and affairs of the Corporation; and (v) has a relationship with the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation;

"**Director**" means directors, senior officers and Management Company Employees of the Corporation;

"**Employee**" means (i) an individual considered an employee under the *Income Tax Act*, Canada (i.e. for whom income tax and other deductions are made by the Corporation); (ii) an individual who works full-time for the Corporation providing services normally provided by an employee of the Corporation but for whom income tax and other deductions are not made by the Corporation; and (iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week, but for whom income tax and other deductions are not made by the Corporation;

"**Exchange**" means the TSX Venture Exchange;

"**Exercise Notice**" means the notice respecting the exercise of an Option, in the form set out as Schedule "B" hereto, duly executed by the Option Holder;

"**Exercise Period**" means the period during which a particular Option may be exercised, being the period from and including the Award Date through to and including the Expiry Date;

"**Exercise Price**" means the price at which an Option may be exercised as determined in accordance with Section 10;

"**Expiry Date**" means the date determined in accordance with Section 11 and after which a particular Option cannot be exercised;

"**Insider**" means a Director, a director or senior officer of a company that is an Insider or subsidiary of the Corporation, or a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Corporation;

"**Investor Relations Activities**" has the meaning ascribed thereto in the TSX Venture Exchange Corporate Finance Manual;

"**Management Company Employee**" means an individual employed by a company providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relations Activities;

"**Market Price**" has the meaning ascribed thereto in Section 10;

"**Option Certificate**" means the certificate, substantially in the form set out as Schedule "A" hereto, evidencing an Option;

"**Option Holder**" means a current or former Director, Employee or Consultant who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person;

"**Personal Representative**" means: (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder;

"**Plan**" means this stock option plan;

"**Securities Act**" means the *Securities Act* (Ontario); and

"**Share**" or "**Shares**" means, as the case may be, one or more common shares without par value in the capital of the Corporation.

(2) Purposes

The principal purposes of the Plan are:

(a) to retain and attract qualified directors, officers, employees and service providers which the Corporation and its subsidiaries require;

(b) to promote a proprietary interest in the Corporation and its subsidiaries;

(c) to provide an incentive element in compensation; and

(d) to promote the profitability of the Corporation and its subsidiaries.

(3) Shares Subject to the Plan

Subject to adjustment pursuant to the provisions of Section 18 hereof, the maximum number of Shares which may be made issuable pursuant to Options granted hereunder shall be 10% of the number of Shares issued and outstanding at the date of granting of the Option. Shares issued and sold pursuant to Options granted under the Plan may be either authorized but unissued Shares or Shares held in the Corporation's treasury. Shares covered by an Option that shall have been exercised shall not again be available for an Option grant. If an Option shall terminate for any reason (including, without limitation, the cancellation of an Option) or expire without being wholly exercised, the number of Shares to which such Option termination relates shall again be available for grant hereunder, provided that the maximum number of Shares reserved for issuance shall not exceed 10% of the total issued and outstanding Shares of the Corporation.

(4) Approval of the Plan

The Plan must be approved by shareholders of the Corporation on a yearly basis.

(5) Eligibility

Options shall be granted only to persons, firms or corporations ("**Eligible Optionees**") who are Directors, Employees, Consultants or Management Company Employees of the Corporation or a subsidiary of the Corporation. Where the Eligible Optionee is an Employee, Consultant or Management Company Employee, the Board shall confirm that the Eligible Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be, of the Corporation or a subsidiary of the Corporation prior to any grant of Options.

Options may also be granted to a corporation, which is wholly-owned by an Eligible Optionee, if the corporation agrees not to effect or permit any transfer of ownership or option of shares of such corporation, nor to issue further shares of any class in such corporation to any other individual or entity, as long as any Options granted to the corporation remain outstanding, without the prior written consent of the Exchange. Unless the context otherwise requires, the term Eligible Optionee as used herein shall include any such corporation.

(6) Granting of Options

The Board may from time-to-time grant Options to Eligible Optionees. At the time an Option is granted, the Board shall determine the number of Shares of the Corporation available for purchase under the Option and subject to the other provisions of the Plan, all other terms and conditions of the Option. The Shares to be issued to Option Holders upon the exercise of Options shall be allotted and authorized for issuance by the Board prior to the exercise thereof. An Eligible Optionee may hold more than one Option at any time, however:

(a) at no time shall the number of Shares reserved for issuance pursuant to Options granted to any one Eligible Optionee exceed 5% of the issued Shares;

(b) no one Eligible Optionee may be granted, in any twelve (12) month period, Options to purchase a number of Shares equal to more than 5% of the issued Shares at the Award Date (on a non-diluted basis);

(c) no one Consultant may be granted, in any twelve (12) month period, Options to purchase a number of equal to more than 2% of the issued Shares; or

(d) persons employed to provide Investor Relations Activities may not be granted, in the aggregate in any twelve (12) month period, Options to purchase a number of Shares equal to more than 2% of the issued Shares.

Any Options granted to a corporation referred to in Section 5 hereof shall be included in the calculation of the Options held by an Eligible Optionee.

(7) Notification of Award

Following the approval by the Board of the awarding of an Option, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Certificate representing the Option so awarded.

(8) Copy of Plan

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of this Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

(9) Limitation

This Plan does not give any Option Holder who is a Director the right to serve or continue to serve as a Director, nor does it give any Option Holder who is an Employee or Consultant the right to be or to continue to be employed or engaged by the Corporation.

(10) Exercise Price

The exercise price (the "**Exercise Price**") of each Option shall be determined in the discretion of the Board at the time of the granting of the Option, provided that the exercise price shall not be lower than the "Market Price".

"**Market Price**" shall mean the last closing price of the Shares on the Exchange prior to the date the Option is granted; provided that in the event the Shares are not listed on the Exchange but are listed on another stock exchange or stock exchanges, the foregoing reference to the Exchange shall be deemed to be a reference to such other stock exchange, or if more than one, to such one as shall be designated by the Board, and to the extent that the Shares are not listed on any exchange, the Market Price shall be such price as is determined by the Board in good faith.

(11) Term and Exercise Periods

(a) The Expiry Date of an Option shall be the date so fixed by the Board at the time the particular Option is awarded provided that such date shall not be later than the tenth anniversary of the Award Date of the Option.

(b) Notwithstanding anything contained herein or in any Option Agreement, if the Expiry Date occurs during a Black Out Period or within two (2) business days of a Black Out Period, the Expiry Date for such Option shall be extended to ten (10) days from the end of the Black Out Period.

(c) An Option Holder may exercise an Option in whole or in part at any time or from time-to-time during the Exercise Period provided that, with respect to the exercise of part of an Option, the Board may at any time and from time to time, subject to subsection (d), fix limits, vesting requirements or restrictions in respect of which an Option Holder may

exercise part of any Option held by him. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 5:00 p.m. (Toronto time) on the Expiry Date.

(d) Options issued to Consultants performing Investor Relations Activities must vest in stages over at least twelve (12) months with not more than one-quarter of the Options vesting in any three (3) month period.

(e) Unless the Board at any time makes a specific determination otherwise, an Option and all rights to purchase Shares pursuant thereto shall expire and terminate immediately upon the Eligible Optionee who holds such Option ceasing to be at least one of a Director, Employee, Management Company Employee or Consultant of the Corporation or a subsidiary of the Corporation.

(f) By way of example, without limiting the generality of the foregoing or the discretion of the Board, the Board may, at the time of the granting of the Option, determine:

(i) that an Option is exercisable only while the Eligible Optionee remains at least one of a Director, Employee, Management Company Employee or Consultant and for a limited period of time ("**Additional Period**") after the Eligible Optionee ceases to be at least one of a Director, Employee, Management Company Employee or Consultant (which Additional Period may not exceed ninety (90) days or, in the case of an Eligible Optionee engaged in Investor Relations Activities, thirty (30) days);

(ii) that an Option can be exercisable for an Additional Period or for its remaining term (which Additional Period or remaining term may not exceed one year) after the death of an Eligible Optionee;

(iii) the vesting schedule for Options granted under the Plan;

(iv) that, subject to the approval of the Exchange, an Option may provide for early exercise and/or termination or other adjustment in the event of a death of a person and in other circumstances, such as if the Corporation shall resolve to sell all or substantially all of its assets, to liquidate or dissolve, or to merge, amalgamate, consolidate or be absorbed with or into any other corporation, if a take-over bid is made for Shares of the Corporation, or if any change of control of the Corporation occurs.

(g) In the event that the Option Holder should die while he or she is still a Director, Employee or Consultant, as applicable, the Expiry Date shall be twelve (12) months from the date of death of the Option Holder.

(12) Exercise of Option

An Option may be exercised only by the Option Holder or his Personal Representative. An Option Holder or his Personal Representative may exercise an Option in whole or in part, subject to any applicable exercise restrictions, at any time or from time to time during the Exercise Period up to 5:00 p.m. (Toronto time) on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option

Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

(13) Issue of Share Certificates

As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Option Holder concurrently with delivery of the aforesaid share certificate for the balance of the Shares available under the Option.

(14) Exercise Restrictions

The Board may, at the time an Option is awarded or upon renegotiation of the same, attach restrictions relating to the exercise of the Option, including vesting provisions. Any such restrictions shall be recorded on the applicable Option Certificate.

(15) Payment of Exercise Price

All Shares issued pursuant to the exercise of an Option shall be paid for in full in Canadian funds at the time of exercise of the Option and prior to the issue of the shares. All Shares issued in accordance with the foregoing shall be issued as fully paid and non-assessable Shares.

(16) Non-Exercise

If any Stock Option granted pursuant to the Plan is not exercised for any reason whatsoever, upon the expiry of such Stock Option pursuant to the terms of its grant or the terms of such plan, the shares reserved and authorized for issuance pursuant to such Stock Option shall be available for subsequent Stock Options under the Plan. Notwithstanding the foregoing, at no time shall there be outstanding under the Plan Stock Options exceeding, in the aggregate, the number of Shares reserved for issuance pursuant to Stock Options under the Plan.

(17) Non-Assignability

Other than a limited right of assignment, subject to the terms upon which the Option is granted, in the event of the death of an Eligible Optionee to allow the exercise of Stock Options by the Eligible Optionee's legal representative, Stock Options granted hereunder shall not be assignable or transferable.

(18) Adjustment in Certain Circumstances

Prior to the complete exercise of any Option, in the event:

(a) of any change in the Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or

(b) of any stock dividend to holders of Shares (other than such stock dividends issued at the option of shareholders of the Corporation in lieu of substantially equivalent cash dividends); or

(c) that any rights are granted to holders of Shares to purchase Shares at prices substantially below fair market value; or

(d) that as a result of any recapitalization, merger, consolidation or otherwise the Shares are converted into or exchangeable for any other shares;

then in any such case the Board may make such adjustment in the Plan and in the Options granted under the Plan as the Board may in its sole discretion deem appropriate to prevent substantial dilution or enlargement of the rights granted to, or available for, holders of Options, and such adjustments may be included in the Options.

No fractional Shares shall be issued upon the exercise of the Options and accordingly, if as a result of the event an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded. Additionally, no lots of Shares in an amount less than 500 Shares shall be issued upon the exercise of the Options unless such amount of Shares represents the balance left to be exercised under the Options.

(19) Monitoring of Trades

An Option Holder who performs Investor Relations Activities shall provide written notice to the Board of each of his trades of securities of the Corporation, within five (5) business days of each trade.

(20) Expenses

All expenses in connection with the Plan shall be borne by the Corporation.

(21) Withholding Taxes

The exercise of each Option granted under this Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is required under applicable law in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that an Option Holder pay to the Corporation, in addition to and in the same manner as the Exercise Price for the Shares, such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Any such additional payment is due no later than the date as of which any amount with respect to the Option exercised first becomes includable in the gross income of the Option Holder for tax purposes.

(22) Compliance with Laws

The Corporation shall not be obliged to issue any shares upon exercise of Options if the issue would violate any law or regulation or any rule of any governmental authority or stock exchange. The Corporation shall not be required to issue, register or qualify for resale any shares issuable upon exercise of Options pursuant to the provisions of a prospectus or similar document, provided that the Corporation shall notify the Exchange or any other stock exchange on which the shares of the Corporation are listed and any other appropriate regulatory bodies in Canada of the existence of the Plan and the issuance and exercise of Options. The Option Holder agrees to comply with all such laws, rules and regulations and agrees to furnish to the Corporation any information, report and/or undertakings required to comply with and to fully cooperate with the Corporation in complying with such laws, rules and regulations.

(23) Disinterested Shareholder Approval

Disinterested shareholder approval shall be obtained by the Corporation prior to any reduction in the Exercise Price if the Eligible Optionee is an Insider of the Corporation at the time of a proposed reduction of the Exercise Price.

(24) Form of Option Agreement

All Options shall be issued by the Corporation in a form which meets the general requirements and conditions set forth in the Plan and the requirements of the Exchange or such other exchange on which the shares of the Corporation are listed from time to time.

(25) Amendments to the Plan

(a) The Board may, at any time and from time to time, amend, suspend or terminate the Plan without shareholder approval, provided that no such amendment, suspension or termination may be made without obtaining any requisite regulatory or Exchange approval or the consent or deemed consent of an Optionholder where such amendment, suspension or termination materially prejudices the rights of the Optionholder. The types of amendments that do not require shareholder approval include but are not limited to:

(i) amendments of a ''housekeeping'' nature, including those required to clarify any ambiguity or rectify any inconsistency in the Plan;

(ii) amendments required to comply with mandatory provisions of applicable law, including the rules and regulations of the Exchange;

(iii) amendments which are advisable to accommodate changes in tax laws;

(iv) extension of accelerated expiry dates to, but not beyond, the expiry date originally set at the time of the Option grant;

(v) amendments to the vesting provisions of any grant under the Plan; and

(vi) amendments to the terms of Options in order to maintain Option value in connection with a conversion, change, reclassification, redesignation, subdivision or consolidation of Shares or a reorganization, amalgamation, consolidation, merger or takeover bid or similar type of transaction involving the Corporation.

(b) Notwithstanding the provisions of 25(a), the Board may not, without the prior approval of the shareholders of the Corporation, make amendments to the Plan for any of the following purposes:

(i) to increase in the maximum number of Shares issuable under the Plan as set out in Section 3;

(ii) to reduce the Exercise Price of outstanding Options,

(iii) to cancel an Option for the purpose of exchange for reissuance at a lower Exercise Price to the same person;

(iv) to extend the Expiry Date of an outstanding Option, except where the Expiry Date is extended because it would have occurred during a Black Out Period;

(v) to extend the Expiry Date of an outstanding Option, except where the Expiry date has been accelerated due to the death, termination upon retirement, termination by reason of disability or otherwise of the Optionee, provided however, that the Option cannot be extended beyond the Expiry Date originally set at the time of the Option grant;

(vi) to amend the Plan to permit the grant of an Option with an Expiry Date of more than ten (10) years from the Award Date;

(vii) to amend the transferability provision of the Plan, other than to permitted assigns or for estate planning or estate settlement purposes;

(viii) to amend this Section 25(b); and

(ix) to expand the class of participants to whom Options may be granted under the Plan.

(26) Termination of the Plan

The Board may terminate this Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination and notwithstanding such termination the Corporation, such Options and such Option Holders shall continue to be governed by the provisions of this Plan.

(27) Delegation of Administration of the Plan

Subject to the *Business Corporations Act* (Ontario) or any other legislation governing the Corporation, the Plan shall be administered by the Board, or an Administrator on the instructions of the Board or such committee of the Board formed in respect of matters relating to the Plan. The Board or such committee may make, amend and repeal at any time and from time to time such regulations not inconsistent with this Plan as it may deem necessary or advisable for the proper administration and operation of this Plan and such regulations shall form part of this Plan. The Board may delegate to the Administrator or any Director, Employee or officer of the Corporation such administrative duties and powers as it may see fit.

(28) Applicable Law

This Plan shall be governed by and construed in accordance with the laws in force in the Province of Ontario.

(29) Stock Exchange

To the extent applicable, the issuance of any Shares pursuant to Options granted under the Plan is subject to approval of the Plan and the grant of the Options by the Exchange or such other stock exchange upon which the Shares are listed, and the Plan shall be subject to the ongoing requirements of such exchange.

(30) Agreement

The Corporation and every person to whom an Option is awarded hereunder shall be bound by and subject to the terms and conditions of this Plan.

SCHEDULE A TO STOCK OPTION PLAN

OPTION CERTIFICATE

This certificate is issued pursuant to the provisions of the CGX Energy Inc. (the "**Corporation**") Stock Option Plan (the "**Plan**") and evidences that _____ (*Name of Optionee*) is the holder of an option (the "**Option**") to purchase up to _____ (*Number of Shares*) common shares (the "**Shares**") in the capital stock of the Corporation at a purchase price of $_____ per Share. Subject to the provisions of the Plan:

(a) the Award Date of this Option is _____ (*insert date of grant*); and

(b) the Expiry Date of this Option is _____ (*insert date of expiry*).

Additional Vesting or Other Restrictions: (insert as applicable)

This Option may be exercised in accordance with its terms at any time and from time to time from and including the Award Date through to and including up to 5:00 p.m. (Toronto time) on the Expiry Date, by delivering to the Corporation an Exercise Notice, in the form provided in the Plan, together with this certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This certificate and the Option evidenced hereby is not assignable, transferable or negotiable, except in limited circumstances, and is subject to the detailed terms and conditions contained in the Plan. This certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

Signed this <> day of <>, 20___.

CGX ENERGY INC.
by its Authorized Signatory:

_____
<name>
<title>

SCHEDULE B TO STOCK OPTION PLAN

EXERCISE NOTICE

To: The Administrator, Stock Option Plan

CGX ENERGY INC. (the "**Corporation**")

The undersigned hereby irrevocably gives notice, pursuant to the Corporation's Stock Option Plan (the "**Plan**"), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable item):

(a) all of the Shares; or

(b) _____ of the Shares, which are the subject of the Option Certificate attached hereto,

subject to the deduction of any applicable Canadian withholding taxes.

Calculation of total Exercise Price:

(i) number of Shares to be acquired on exercise: _____ Shares

(ii) multiplied by the Exercise Price per Share: $_____

TOTAL EXERCISE PRICE, enclosed herewith: $_____

The undersigned tenders herewith: (1) a certified cheque or bank draft in an amount equal to the total Exercise Price of the aforesaid Shares, as calculated above; and (2) a certified cheque or bank draft in an amount equal to any applicable Canadian withholding taxes, and directs the Corporation to issue the share certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

_____

_____

_____

DATED the _____ day of _____, 20___.

_____
Signature of Option Holder

_____
Name of Option Holder (please print)

SCHEDULE B

CHANGE OF AUDITOR

REPORTING PACKAGE

CGX ENERGY INC.
NOTICE OF CHANGE OF AUDITORS PURSUANT TO
NATIONAL INSTRUMENT 51-102 (Section 4.11)

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Securities Commission of Newfoundland and Labrador

Dear Sirs/Mesdames:

Re: Notice Regarding Proposed Change of Auditor Pursuant to National Instrument 51-102

Notice is hereby given that on February 27, 2017 the Board of Directors of CGX Energy Inc. (the "Company" or "CGX") determined based on the recommendation of the Audit Committee:

1. to accept the resignation dated February 27, 2017, of Ernst & Young LLP, Chartered Accountants (the "Former Auditor"), as auditor of CGX at the request of the Company; and

2. to engage UHY McGovern Hurley LLP, Chartered Accountants, as auditor of CGX, effective February 27, 2017.

There have been no reservations in the Former Auditor's Report on any of the Company's financial statements commencing at the beginning of the two most recently completed fiscal years and ending on December 31, 2015. The Former Auditor did not audit any financial statements of the Company subsequent to the December 31, 2015 fiscal year of the Company.

In the opinion of the Company, prior to the resignation, and as at the date hereof, there were no reportable events, including disagreements, consultations, or unresolved matters as defined in National Instrument 51-102, Continuous Disclosure Obligations, between the Former Auditor and the Company.

The contents of this Notice and the attached letters from Ernst & Young LLP, Chartered Accountants, and UHY McGovern Hurley LLP, Chartered Accountants, have been reviewed by the Board of Directors.

Dated at Toronto, Ontario this 1st day of March, 2017

BY ORDER OF THE BOARD OF DIRECTORS OF
CGX ENERGY INC.

"Tralisa Maraj"
Tralisa Maraj
Chief Financial Officer

Ernst & Young LLP
Ernst & Young Tower
222 Bay Street, PO Box 251
Toronto, ON M5K 1J7

Tel: +1 416 864 1234
Fax: +1 416 864 1174
ey.com

March 1, 2017

Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of Superintendent of Securities, Government of Newfoundland and Labrador
Office of the Superintendent of Securities, Government of the Northwest Territories
Superintendent of Securities, Government of Yukon
Superintendent of Securities, Government of Nunavut

Re: CGX Energy Inc.
Change of Auditor Notice dated March 1, 2017

Dear Sirs/Mesdames:

Pursuant to National Instrument 51-102 (Part 4.11), we have read the above-noted Change of Auditor Notice and confirm our agreement with the information contained in the Notice pertaining to our firm.

Yours sincerely,

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

cc: The Board of Directors, **CGX Energy Inc.**

UHY McGovern Hurley LLP
Chartered Professional Accountants

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
Canada

Tel 416-496-1234
Fax 416-496-0125
Email info@uhymh.com
Web www.uhymh.com

March 1, 2017

To: TSX Venture Exchange
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Securities Commission of Newfoundland and Labrador

Dear Sirs/Mesdames:

Re: CGX Energy Inc. – Change of Auditor of Reporting Issuer

We have read the Notice of Change of Auditor dated March 1, 2017 of CGX Energy Inc. and, in accordance with section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*, we confirm that we agree with the statements contained therein.

Yours very truly,

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

SCHEDULE C

AUDIT COMMITTEE CHARTER

GENERAL

1. Purpose and Responsibilities of the Committee

1.1 *Purpose*

The primary purpose of the Committee is to assist Board oversight of:

(a) the integrity of the Corporation's financial statements;

(b) the Corporation's compliance with legal and regulatory requirements;

(c) the External Auditor's qualifications and independence; and

(d) the performance of the Corporation's internal audit function and the External Auditor.

2. Definitions and Interpretation

2.1 *Definitions*

In this Charter:

(a) "**Board**" means the Board of Directors of the Corporation;

(b) "**Chair**" means the chair of the Committee;

(c) "**Committee**" means the audit committee of the Board;

(d) "**Corporation**" means CGX Energy Inc.;

(e) "**Director**" means a member of the Board; and

(f) "**External Auditor**" means the Corporation's independent auditor.

2.2 *Interpretation*

The provisions of this Charter are subject to the articles and by-laws of the Corporation and to the applicable provisions of the *Business Corporations Act* (Ontario), and any other applicable legislation.

CONSTITUTION AND FUNCTIONING OF THE COMMITTEE

Establishment and Composition of the Committee

2.3 *Establishment of the Audit Committee*

The Committee is hereby continued with the constitution, function and responsibilities herein set forth.

2.4 *Appointment and Removal of Members of the Committee*

(a) *Board Appoints Members.* The members of the Committee shall be appointed by the Board, having considered the recommendation of the Governance Committee of the Board.

(b) Annual *Appointments.* The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.

(c) Vacancies. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office.

(d) Removal *of Member.* Any member of the Committee may be removed from the Committee by a resolution of the Board.

2.5 *Number of Members*

The Committee shall consist of three or more Directors.

2.6 *Independence of Members*

A majority of the members of the Committee shall be independent for the purposes of all applicable regulatory and stock exchange requirements as outlined in Schedule A.

2.7 *Financial Literacy*

(a) Financial *Literacy Requirement.* Each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee.

(b) Definition *of Financial Literacy.* "Financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Committee Chair

2.8 *Board to Appoint Chair*

The Board shall appoint the Chair from the members of the Committee who are unrelated directors (or, if it fails to do so, the members of the Committee shall appoint the Chair from among its members).

2.9 *Chair to be Appointed Annually*

The designation of the Committee's Chair shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of

Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

Committee Meetings

2.10 *Quorum*

A quorum of the Committee shall be two members.

*2.*11 *Secretary*

The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to be Secretary of the Committee.

2.12 *Time and Place of Meetings*

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, the Committee shall meet at least four times per year on a quarterly basis.

2.13 *In Camera Meetings*

On at least an annual basis, the Committee shall meet separately with each of:

(a) management;

(b) the External Auditor; and

(c) the internal auditor.

2.14 *Right to Vote*

Each member of the Committee shall have the right to vote on matters that come before the Committee.

2.15 *Voting*

Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

2.16 *Invitees*

The Committee may invite Directors, officers, employees and consultants of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. The External Auditor shall receive notice of each meeting of the Committee and shall be entitled to attend any such meeting at the Corporation's expense.

2.17 *Regular Reporting*

The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

Authority of Committee

2.18 *Retaining and Compensating Advisors*

The Committee shall have the sole authority to engage independent counsel and any other advisors as the Committee may deem appropriate in its sole discretion and to set the compensation for any advisors employed by the audit committee. The Committee shall not be required to obtain the approval of the Board in order to retain or compensate such consultants or advisors.

2.19 *Funding*

The Committee shall have the authority to authorize the payment of:

(a) compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation (National Instrument 52-110 – *Audit Committees* requires disclosure of fees by category paid to the External Auditor).

(b) compensation for any advisors employed by the audit committee under Section 2.18 hereof; and

(c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

2.20 *Subcommittees*

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

2.21 *Recommendations to the Board*

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter.

2.22 *Compensation*

The Committee has the authority to communicate directly with External Auditors and the internal auditors.

2.23 *Special Reviews*

The Committee has the authority to request the CFO undertake and supervise special reviews that may be deemed necessary in order to ensure compliance with legal and regulatory requirements.

Remuneration of Committee Members

2.24 *Remuneration of Committee Members*

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

2.25 *Directors' Fees*

No member of the Committee may earn fees from the Corporation or any of its subsidiaries other than directors' fees (which fees may include cash and/or shares or options or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive). For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation

SPECIFIC DUTIES AND RESPONSIBILITIES

Integrity of Financial Statements

2.26 *Review and Approval of Financial Information*

(a) *Annual Financial Statements.* The Committee shall review and discuss with management and the External Auditor the Corporation's audited annual financial statements and related management's discussion and analysis ("MD&A") together with the report of the External Auditor thereon and, if appropriate, recommend to the Board that it approve the audited annual financial statements.

(b) *Interim Financial Statements.* The Committee shall review and discuss with management and the External Auditor and, if appropriate, approve the Corporation's interim unaudited financial statements and related MD&A.

(i) *Material Public Financial Disclosure.* The Committee shall discuss with management and the External Auditor:

(ii) the types of information to be disclosed and the type of presentation to be made in connection with profit or loss or earnings press releases; and

(iii) financial information and earnings guidance (if any) provided to analysts and rating agencies.

(c) *Procedures for Review.* The Committee shall be satisfied that adequate procedures are in place for the *review* of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements (other than financial statements, MD&A and profit or loss or earnings press releases, which are dealt with elsewhere in this Charter) and shall periodically assess the adequacy of those procedures.

(d) *General.* To the extent the Committee deems it necessary or appropriate, the Committee may review and discuss with management and the External Auditor:

major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles;

major issues as to the adequacy of the Corporation's internal controls over financial reporting and any special audit steps adopted in light of material control deficiencies;

analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative accounting methods on the financial statements;

the effect on the financial statements of the Corporation of regulatory and accounting initiatives, as well as off-balance sheet transaction structures, obligations (including contingent obligations) and other relationships of the Corporation with unconsolidated entities or other persons that have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses of the Corporation;

the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;

any financial information or financial statements in prospectuses and other offering documents;

the management certifications of the financial statements as required under applicable securities laws in Canada or otherwise; and

any other relevant reports or financial information submitted by the Corporation to any governmental body or the public.

External Auditor

2.27 *External Auditor*

(a) *Authority with Respect to External Auditor.* As a representative of the Corporation's shareholders, the Committee shall be directly responsible for the appointment, compensation and oversight of the work of the External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. In the discharge of this responsibility, the Committee shall:

(i) have sole responsibility for recommending to the Board the person to be proposed to the Corporation's shareholders for appointment as External Auditor for the above-described purposes and recommending such External Auditor's compensation;

(ii) determine at any time whether the Board should recommend to the Corporation's shareholders that the incumbent External Auditor should be removed from office;

(iii) review the terms of the External Auditor's engagement, discuss the audit fees with the External Auditor and be solely responsible for approving such audit fees; and

(iv) require the External Auditor to confirm in its engagement letter each year that the External Auditor is accountable to the Board and the Committee as representatives of shareholders.

(b) *Independence.* The Committee shall satisfy itself as to the independence of the External Auditor. As part of this process the Committee shall:

(i) require the External Auditor to submit on a periodic basis to the Committee a formal written statement delineating all relationships between the External Auditor and the Corporation and engage in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor and recommend that the Board take appropriate action in response to the External Auditor's report to satisfy itself of the External Auditor's independence;

(ii) unless the Committee adopts pre-approval policies and procedures, approve any non-audit services provided by the External Auditor, provided the Committee may delegate such approval authority to one or more of its independent members who shall report promptly to the Committee concerning their exercise of such delegated authority; and

(iii) review and approve the policy setting out the restrictions on the Corporation partners, employees and former partners and employees of the Corporation's current or former External Auditor.

(c) *Issues Between External Auditor and Management.* The Committee shall:

(i) review any problems experienced by the External Auditor in conducting the audit, including any restrictions on the scope of the External Auditor's activities or access to requested information; and

(ii) review any significant disagreements with management and, to the extent possible, resolve any disagreements between management and the External Auditor.

(d) *Non-Audit Services.*

The Committee shall either:

(i) approve any non-audit services provided by the External Auditor or the external auditor of any subsidiary of the Corporation to the Corporation (including its subsidiaries); or

(ii) adopt specific policies and procedures for the engagement of non-audit services, provided that such pre-approval policies and procedures are detailed as to the particular service, the audit committee is informed of each non-audit service and the procedures do not include delegation of the audit committee's responsibilities to management.

The Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services in satisfaction of the requirement in the previous section, provided that such member or members must present any non-audit services so approved to the full Committee at its first scheduled meeting following such pre-approval.

The Committee shall instruct management to promptly bring to its attention any services performed by the External Auditor which were not recognized by the Corporation at the time of the engagement as being non-audit services.

Other

2.28 *Related Party Transactions*

The Committee shall review and approve all related party transactions in which the Corporation is involved or which the Corporation proposes to enter into.

2.29 *Expense Accounts*

The Committee shall review and make recommendations with respect to:

(a) the *expense* account summaries submitted by the President and Chief Executive Officer on an annual basis;

(b) the Corporation's expense account policy, and rules relating to the standardization of the reporting on expense accounts; and

(c) *the* Director's Expense Policy of the Corporation.

2.30 *Whistle Blowing*

The Committee shall put in place procedures for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Performance Evaluation

On a regular basis, the Committee shall follow the process established by the Board and overseen by the Governance Committee for assessing the performance and effectiveness of the Committee.

Charter Review

The Committee shall review and assess the adequacy of this Charter on a regular basis and recommend to the Board any changes it deems appropriate.

Last approved by the Board of Directors on May 16, 2014.

SCHEDULE A TO AUDIT COMMITTEE CHARTER

INDEPENDENCE REQUIREMENTS

For the purposes of determining the whether a director is "independent", Section 2.1 of National Policy 58-201 – *Corporate Governance Guidelines* applies the same test as utilized in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). The definition of "independence" in NI 58-101 as it relates to Directors of the Corporation imports the definition set out in Section 1.4 of Multilateral Instrument 52-110 – *Audit Committees* ("**MI 52-110**").

Pursuant to Section 1.4 of MI 52-110 the meaning of "independence" is as follows:

"**1.4 Meaning of Independence**

(1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

(2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

(3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

(c) an individual who:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current

executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

(4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because:

(a) he or she had a relationship identified in subsection (3) if that relationship ended before December 31, 2008; or

(b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before December 31, 2008.

(5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

(7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

(8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

1.5 Additional Independence Requirements

(1) Despite any determination made under section 1.4, an individual who:

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board

committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities,

(c) is considered to have a material relationship with the issuer.

(2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by:

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

(3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service."